

# **SECTION 2**

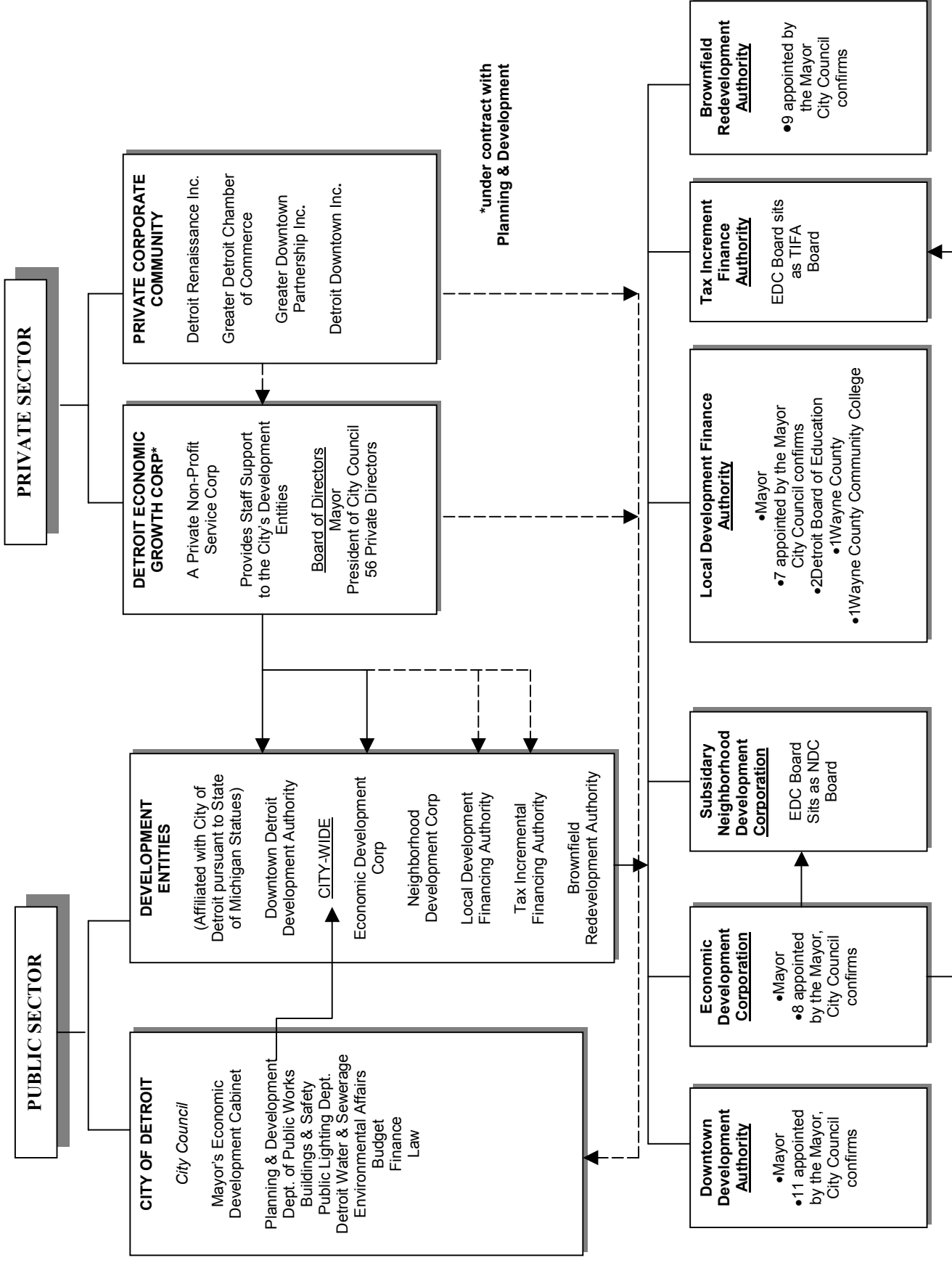
## **RELATED AGENCIES AND PROGRAMS**



# **DEVELOPMENT - FINANCING ENTITIES AND PROGRAMS**



# **CITY OF DETROIT DEVELOPMENT ENTITIES**





## DETROIT ECONOMIC GROWTH CORPORATION

The Detroit Economic Growth Corporation (DEGC) is a private non-profit corporation established in 1978 to help businesses provide jobs and to leverage private investment in the City of Detroit. Structured as a public/private partnership, the DEGC combines public sector policy and direction with private sector leadership in a 58-member board comprised of concerned business, civic, labor and community leaders appointed by the Mayor. In partnership with City government, the DEGC serves as an implementing agency for business retention, attraction and economic development initiatives in the City of Detroit.

### **A Federation Of Organizations**

The DEGC provides staff services to a federation of organizations with quasi-public development tools to complement the public powers of the city to further business growth and neighborhood development in the City.

The Downtown Development Authority (DDA), Economic Development

Corporation (EDC), Neighborhood Development Corporation (NDC), Tax Increment Finance Authority (TIFA), Local Development Finance Authority (LDFA), and the Detroit Brownfield Redevelopment Authority (DBRA), all were created pursuant to enabling statutes of the State of Michigan by the City as development resources and tools coordinated within the framework of the DEGC.

The DEGC is funded by both the private sector and the City of Detroit. Contributions are received each year from businesses of all sizes throughout the metropolitan area. The City of Detroit also enters into an annual contract with the DEGC for services the DEGC provides to the City's development entities. The DEGC also receives from time to time foundation and other grants for special programs and has arranged interim financing for real estate and development activities through funding made available by the private sector foundations.

## DOWNTOWN DEVELOPMENT AUTHORITY

The City of Detroit Downtown Development Authority (DDA) is a public Authority established to correct and prevent deterioration in the downtown business district, to promote its economic growth and development, to increase property valuation and tax basis and to create and retain jobs in the downtown area.

Property value deterioration has been a serious problem in downtown Detroit since the late 1950s with very little redirection and arrest until the late 1970s. The causes of property value deterioration can be eliminated by attracting substantial private investment and development in downtown.

Act 197, of the Public Acts of Michigan, 1975, as amended, is the enabling legislation for the creation of the City of Detroit Downtown Development Authority, which was established by a City Ordinance adopted by the City Council on May 20, 1976. The DDA has been used as a very effective, valuable and results-oriented approach to eliminate the continued causes of property value deterioration and to promote economic investment and reinvestment in downtown.

The DDA is governed by a Board of Directors, the members of which are appointed by the Mayor and confirmed by the City Council. Three operational committees – the Finance Committee, the Design Review Committee, and the Parking Operations Committee – assist towards the implementation of DDA's goals and objectives.

In February 1978, the DDA Board of Directors and the City Council adopted the DDA's Tax Increment Plan and Center (a mixed-use development including apartments, hotel, office, commercial and office components), the Trappers Alley Festival Market Place and the renovation of

Development Plan for Development Area No. 1 (the "Plan"), pursuant to which the DDA utilizes many of the powers permissible under the enabling legislation to implement the Plan, as amended from time to time.

The DDA's operations are funded through its annual operating budget of approximately \$2.5 million; the DDA's capital investments are funded through its annual development budget of approximately \$33.0 million.

A useful tool of downtown development authorities is the power to utilize tax increment financing, a method of funding public purpose investment in a designated redevelopment area by capturing the incremental increase in tax revenues resulting from the difference between the established base year and the current year. These revenues are then dedicated to finance capital projects, or to service the debt on bonds sold for capital projects in order to further development in the designated areas.

In addition, the DDA has utilized additional national, state and local financial incentives (such as Urban Development Action Grants (UDAG), Block Grants, Economic Development Corporation grants, UMTA grants, Tax Exempt Revenue Bonds) to further its development objectives.

### Completed Projects

The DDA has provided or assisted in the financing of numerous projects in the downtown area. Some of the more significant DDA projects include the Trolley Plaza Apartments, including a garage component, the Riverfront Residential Phase I and II, the Millender the Fox, Gem and State Theaters. The most recent DDA assisted downtown projects include:

## DOWNTOWN DEVELOPMENT AUTHORITY

- 150 West Jefferson, \$80 million, 500,000 square foot. first class office building
- \$30 million renovation of the Michigan Opera Theater
- One Detroit Center, \$240 million, 1 million square foot first class office tower
- Harmonie Park redevelopment of loft apartments, commercial and office space, a rehabilitation project of approximately \$22 million
- \$4 million renovation of Music Hall Theater
- Development of a parking facility of 1,050 spaces, including 40,000 square foot of retail space and infrastructure support for air rights development in Greektown, for a total capital investment of \$20 million.
- The recently completed Comerica Park, home of the Detroit Tigers; and Ford Field, home of the Detroit Lions. A capital investment in excess of \$500 million.
- Demolition of the old Hudson's building and construction, of an 1100-space underground parking facility to accommodate the Campus Martius Development
- Major road improvements surrounding the Renaissance Center, headquarters for General Motors Corporation.

### Current and Proposed Projects

#### Detroit Downtown Development Authority Project Listing

1. **Campus Martius Redevelopment** – The DDA and the City of Detroit have undertaken the development of proposed office, retail, and commercial space in an area known as “Campus Martius”, which is composed of the Hudson Block, the Kern Block, the Crowley Block, the Monroe Block and

the Kennedy Square Block. Furthermore, Compuware Corporation was identified by the DDA and the City as the Signature tenant for the Kern Block and the Crowley Block. The DDA's contribution of \$46 million for the recently completed public improvements and parking facilities will leverage private investment of approximately \$700 million.

2. **Convention Facilities Area Public Improvements** – There is an \$870,000 allocation for Christmas decoration and lighting of Jefferson and Woodward Avenues and side streets in the Downtown Area.
3. **Ford Auditorium** – Proposed funding of \$500,000 to finance repairs to Ford Auditorium will include the roof and other as of yet unidentified items that may be needed to ensure the building's future viability.
4. **Comerica Park** – The DDA participated in funding \$40 million of the construction of a 42,000 seat publicly owned baseball stadium for a total project cost of \$260 million. Its construction was completed in spring 2000. It is owned by the Detroit Wayne County Stadium Authority and operated by the Detroit Tigers, Inc., the DDA will contribute \$250,000 annually, adjusted for inflation, to be deposited into the Major Repair and Replacement Fund.
5. **Ford Field** – The funding of approximately \$85 million for the construction of a 65,000 seat publicly owned football stadium for a total project cost of \$325 million has been completed. The Downtown Development Authority has allocated

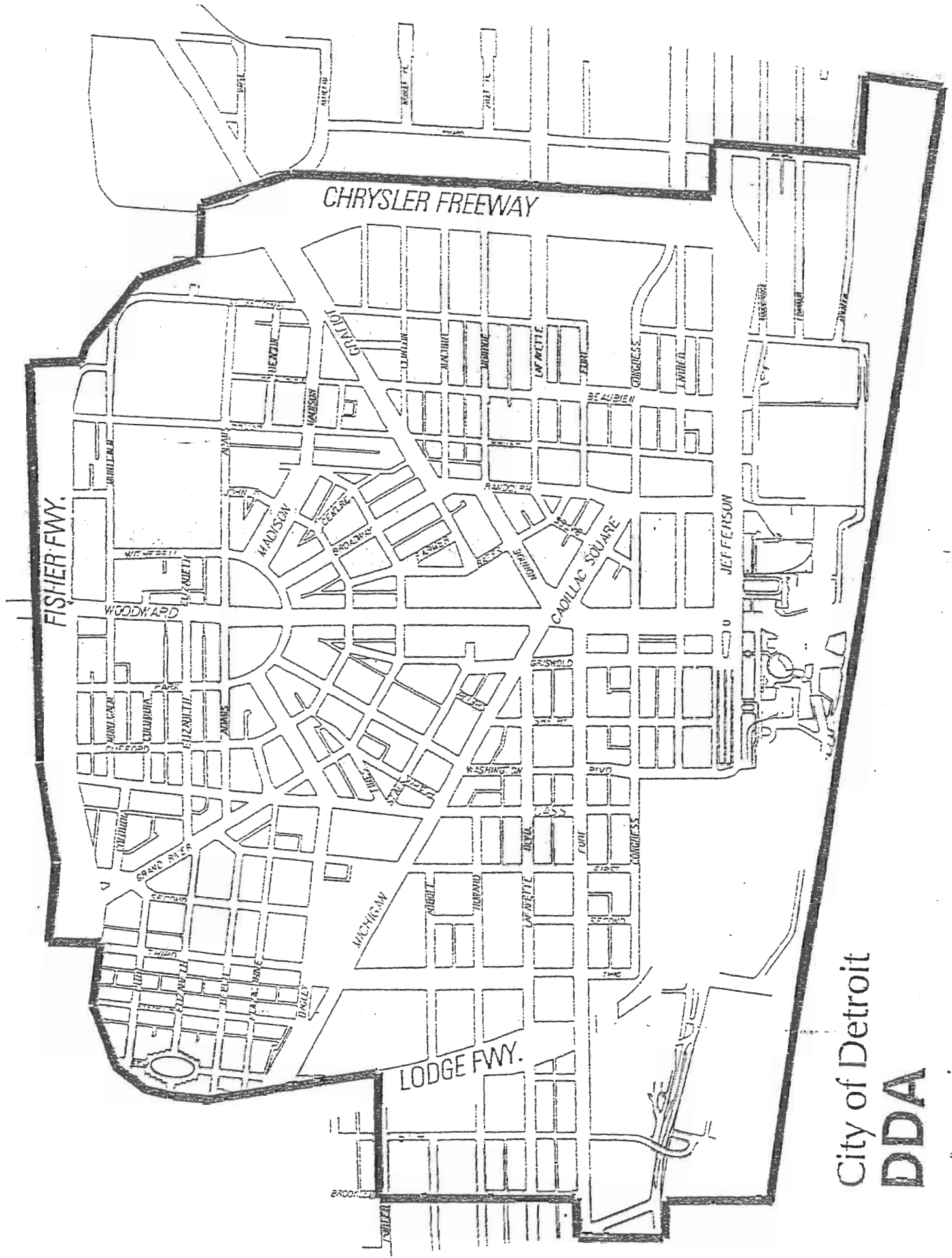
## DOWNTOWN DEVELOPMENT AUTHORITY

- \$1.54 million annually for bond debt service.
6. **Harmonie Park Acquisition and Improvements** – Funding of \$2.8 million is allocated to assist towards the third phase of public improvements, and the rehab/demo of the Madison-Lenox hotel, to complement the rehabilitation and renovation of several buildings within the project area for commercial and residential uses.
  7. **Development Financing and Small Business Loan Transactions** – A revolving loan program of \$4 million to stimulate additional, small-scale redevelopment and/or new construction projects within the Downtown District.
  8. **Housing/Office/Retail Development/Absorption Program** - The Authority is designating a Housing/Office/Retail Development Loan and Absorption Fund to stimulate additional residential and commercial activities in the Downtown District. The program was implemented in FY 2000-01 with an initial allocation of \$2.68 million, and will continue until FY 2027-28 with an average allocation of \$2 million annually.
  9. **Downtown Development Planning** – Reflecting that anticipated development and growth must be properly managed, the Authority allocated \$2,500,000 of funds for a Downtown Development Planning Program.
  10. **Land Assemblage** – The allocated \$26.78 million Land Assemblage Program is funded with the intent to increase investor demand in the DDA Downtown District. By assembling parcels of developable size, it will meet the development needs (i.e. size, zoning, parking, location, etc.) of investors.
  11. **Lower Woodward** – Under the Lower Woodward Redevelopment Initiative, the DDA has allocated \$27.0 million for streetscape improvements, and \$12.0 million for Façade improvements.
  12. **Book Cadillac Hotel** – The DDA has allocated \$12.1 for predevelopment (demolition/remediation) expenses towards the redevelopment of the Hotel to a Hotel/Residential facility
  13. **Riverfront Promenade** – Allocation of \$1,770,000 for maintenance of the recently constructed Riverfront Promenade, extending from Hart Plaza to Joe Louis Arena.



# DOWNTOWN DEVELOPMENT AUTHORITY

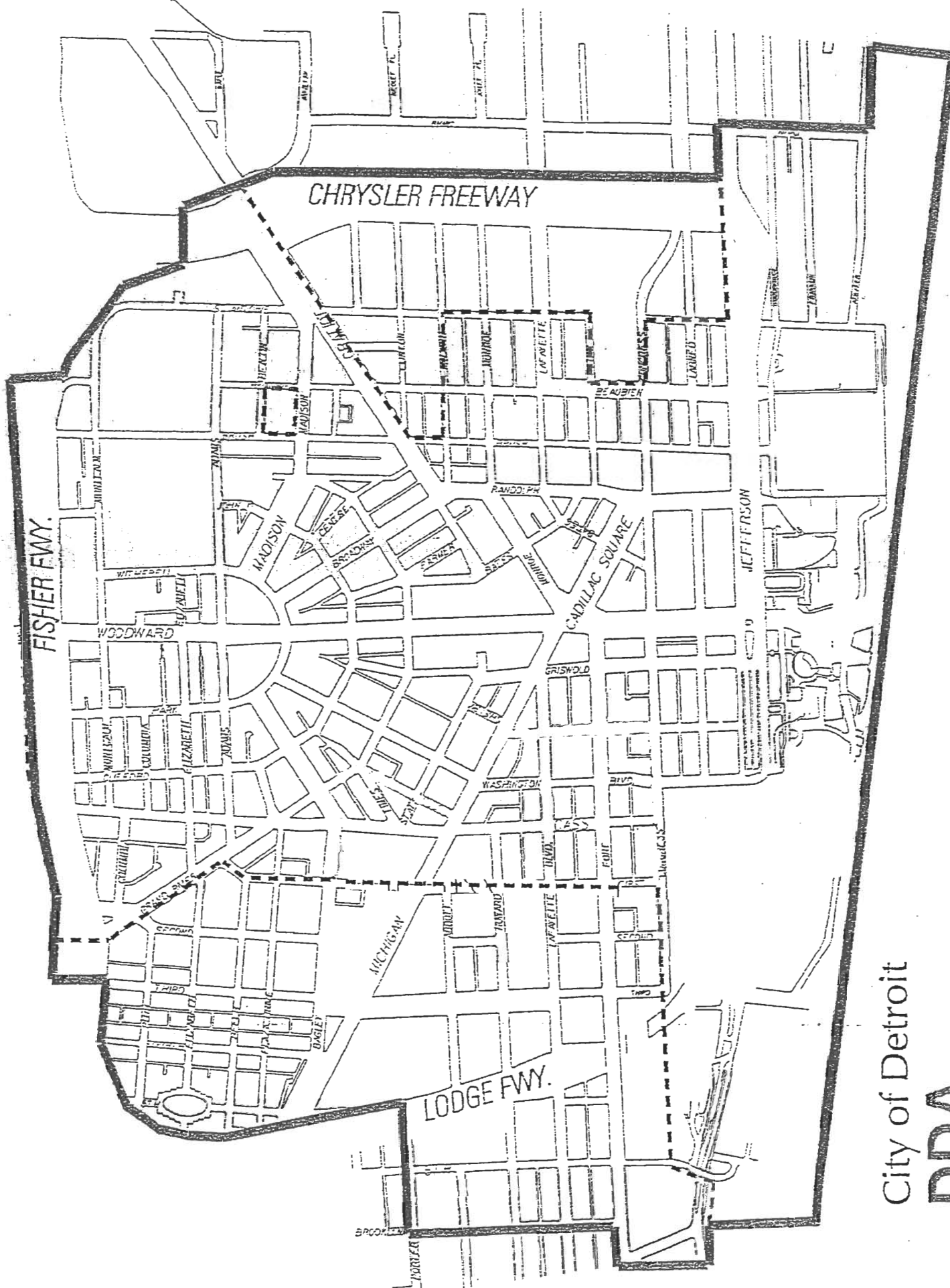
<b><i>PROJECT EXPENDITURES</i></b>	<b><i>FISCAL YEARS</i></b>				
	<b><i>2004-05</i></b>	<b><i>2005-06</i></b>	<b><i>2006-07</i></b>	<b><i>2007-08</i></b>	<b><i>2008-09</i></b>
<b>Campus Martius Redevelopment</b>	\$6,950,000				
<b>Convention Facilities Area</b>	270,000	\$200,000	\$200,000	\$200,000	
<b>Ford Auditorium</b>	500,000				
<b>Comerica Park</b>	250,000	250,000	250,000	250,000	\$250,000
<b>Ford Field</b>	1,540,000	1,540,000	1,540,000	1,540,000	1,540,000
<b>Harmonie Park Development</b>	2,330,000				
<b>Development Financing SBLT</b>	1,410,000				
<b>Housing/Office/Retail Development</b>	7,640,000	2,700,000	2,850,000	2,690,000	2,670,000
<b>Downtown Development Planning</b>	2,240,000				
<b>Land Assemblage</b>	670,000				
<b>Lower Woodward-Streetscape</b>	12,360,000				
<b>Lower Woodward-Façade</b>	11,180,000				
<b>Book Cadillac Redevelopment</b>	7,130,000				
<b>Riverfront Promenade</b>	1,770,000				
<b>General Bond Debt Service</b>	20,170,000	20,160,000	20,160,000	20,160,000	20,160,000



City of Detroit  
**DDA**

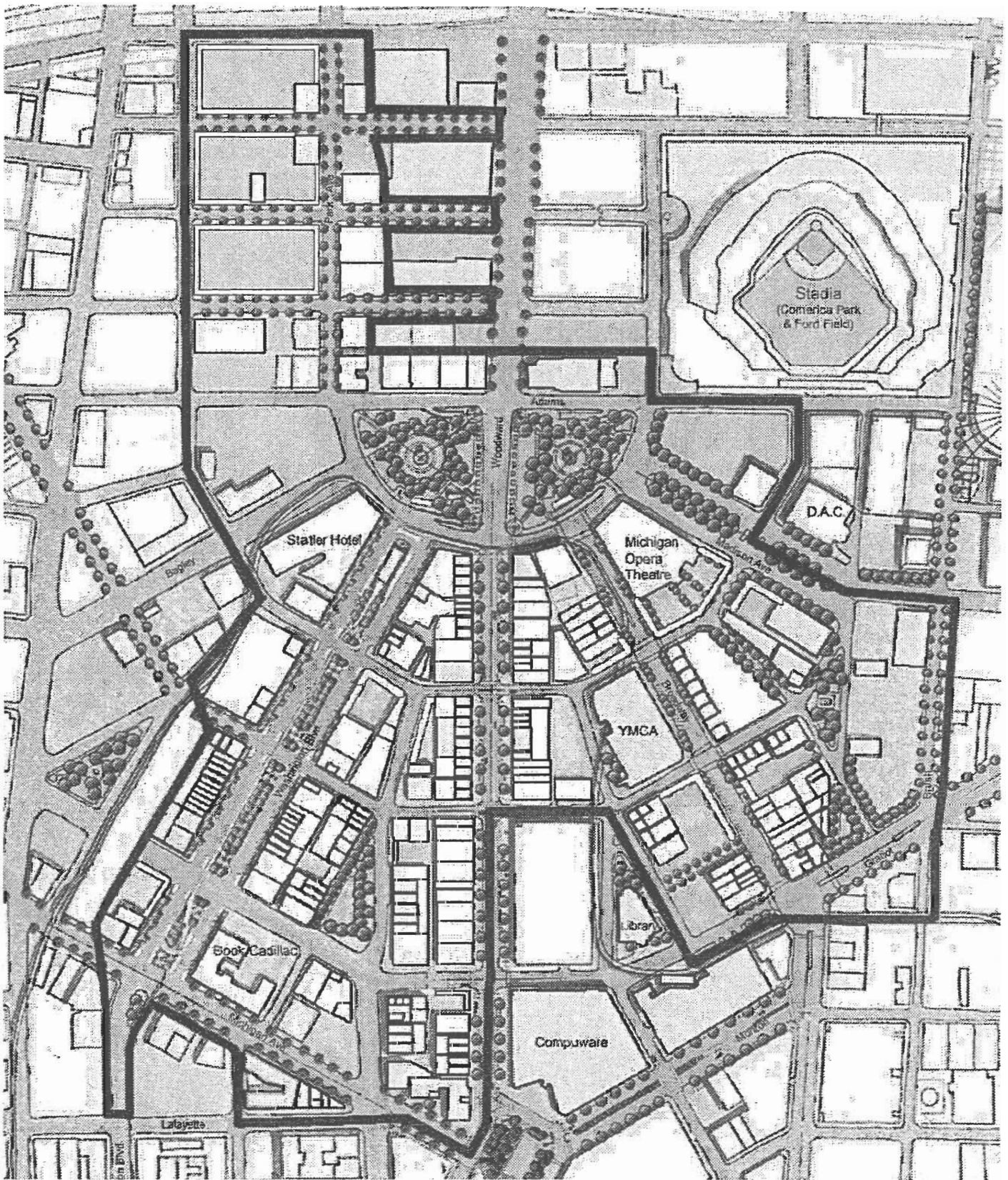
Downtown Development Authority

District Boundary



DDA District Boundary  
Development Area No. 1

City of Detroit  
**DDA**  
Downtown Development Authority



**LOWER WOODWARD PROJECT AREA**

## ECONOMIC DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) was established pursuant to Act 338, Public Acts of Michigan, 1974 for the purpose of assisting local industrial and commercial enterprises to strengthen and revitalize the local and state economy.

The EDC provides a wide array of administrative and management services on behalf of the City involving economic development projects. Generally, EDC projects are funded by contracting with the City on an individual project basis to cover the costs of consultants and contractors employed by the EDC for each project.

The EDC has also provided assistance as construction manager for various other City Projects such as the Holbrook Ave. reconstruction, rail siding construction into the former Nicholson facility, the construction and repair of City salt domes, rebuilding of infrastructure in Brush Park and the implementation of a Site Reclamation Grant from the Michigan State Department of Environment Quality. The EDC will continue providing this assistance for streetscape improvements in Brush Park, the Cultural Center, and the Riverwalk along the east riverfront.

Utilizing repayments from Urban Development Action Grants (UDAG) assigned to the EDC, several economic development loans have been made. The Bing Group, the O.J. Building

Materials Distribution Center, Midtown Development, New Center Stamping and Perstorp Xytec are examples of companies receiving this assistance.

The City also utilizes the services of the EDC to convey City property for economic and community service development. Thyssen Steel, , American Red Cross, Focus Hope, the Bing Group, Riverbend Plaza, Hospice of Michigan, Brush Park Senior Housing and Detroit Symphony Orchestra Hall are examples of this EDC service.

The EDC was utilized as the “point” agency for the Central Industrial Park Project (General Motors Detroit Hamtramck Assembly Facility), the Jefferson Conner Industrial Revitalization Project (Chrysler Jefferson North Assembly Facility), the Eastside Industrial Revitalization Project (Chrysler Engine Plant), the Atkinson Playfield Project (Thyssen Steel expansion), the East Riverfront Redevelopment, and the Springwells (former Coke Site) redevelopment, by coordinating project activities through acquisition and site preparation. Currently, the EDC is providing similar assistance with the 1-94 Industrial Park Project.

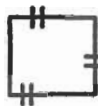
The EDC has also created a Neighborhood Development Corporation to allow it to play a role in residential development.



# I-94 Industrial Park Project



Parcels to be Acquired



Project Area

DWSD  
Water Facility

HUBER

GRINNELL

SHEEHAN

MARJORIE

GUTHRIE

WINFIELD

ROLAND

MARCUS

RUGG

RICHARDSON

SHERWOOD

HELEN

ST CYRIL

Burroughs  
School

GEORGIA

Cooper  
School

NEWHALL

CONCORD

CARRIE

FOSTER

GIRARDIN

MILLER

SELKIRK

NAGLE

VAN DYKE

MT. ELLIOTT

FILER

PEASE